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REA INTERIM FIELD CONFERENCE

REGION IV.

February 27 - March 1, 1950

~~Hotel Lincoln~~  
Indianapolis, Indiana

Name of Person  
Attending

Division

Jessie Armbruster	Finance
John W. Asher, Jr.	Personnel
Julius J. Ausen	Applications and Loans
Elton H. Bennett	Finance
Harry A. Block	Engineering
John E. Case	Engineering
Cecilia Earhart	Applications and Loans
Fred A. Fromke	Engineering
Stephen E. Holmes	Engineering
Charles W. Kenyon	Applications and Loans
Edward R. Kipp	Management
James E. Mallory	Finance
Martha E. Mauer	Finance
Hugh B. O'Hara	Applications and Loans
Francis E. Rudolph	Engineering
Fred B. Ridenour	Finance
Clarence Staples	Finance
Alfred H. Wacker	Management
Edward F. Wilson	Management
W. L. Woehler	Engineering
Ernest H. Wotring	Applications and Loans
Clarence Wright	Applications and Loans

John W. Asher, Jr., Moderator







PROGRESS BEING MADE IN IMPROVED COORDINATION OF WORK.

It was generally agreed that coordination in Region IV has been excellent and that it has been accomplished, however, primarily through informal means. There was a possibility that through increased exchange of information contained in the field reports, the coordination might be improved. There seemed to be some physical limitations and other factors which made it undesirable to exchange all field reports in the office. Another suggestion was made and approved by the four Regional Heads to provide that the field representatives might exchange at least portions of reports directly between themselves when they knew that another field representative would be sure to be interested in the information which they had obtained in the visit and it was further suggested that when such a copy was sent directly by one field representative to another, the information that it had been sent should be included in the report to eliminate work in Washington. There was also a request for a complete list of the headquarters of all field representatives with the area which each serves and it was agreed that this information would be prepared and sent out by Washington.







## CAPITAL CREDITS.

A plan for discussing the capital credits plan at annual meetings was outlined in which the basis for the discussion was a breakdown into the three words 'capital', 'credits' and 'plan' with a short discussion of each of the three words. There was also a recommendation that in discussing the matter with the board of directors it was desirable to review the capital credits by-law amendments in detail.

There was a discussion of the accounting procedure for handling capital credits in which it was pointed out that the procedure starts with an allocation of the operating margins by years, with the construction of a card file on which the importance of putting complete information about the membership details and the length of time that service was received was emphasized. A suggestion was made that some cooperatives might find it advantageous to keep a running total on the total of the individual members' bills in order to eliminate part of the work load which otherwise occurs at the end of each fiscal year.

In the questions there was discussion about various features of the assignment of the capital credits either to a successor in interest or a successor in occupancy. There was discussion of the features of redemption in advance of a general retirement in which it was pointed out that the by-laws provide for a redemption of capital credits of deceased persons and as a matter of general policy REA does not recommend the redemption of capital credits of patrons who have moved away from the lines inasmuch as that gives them a preference in treatment over those who have not moved away from the lines. In answer to a question it was recommended by the Finance Division that cooperatives which wish to allocate capital credits for a particular year, prior to there being an audit of the operations for that year, should write in to the Finance Division and request advice as to whether or not this should be done by that particular system. The distribution of non-operating revenues was raised again as a question which was being handled in various ways.

The Administrator's interest in the plan as a whole and in seeing that the capital credits plan, where it has been adopted, is actually put into execution was emphasized by the moderator including especially the point that many other troublesome questions might be taken care of through the members becoming more "owner conscious" if the capital credits plan is actually in operation.

In a discussion of what would help the field representatives in their discussing the capital credits plan with the various cooperatives it was requested that the field representative be furnished statistics as to the number of cooperatives which have adopted the plan in the country as a whole, and in Region IV, and in the particular states in Region IV. There was a request for a list of those cooperatives which have adopted the plan and information as to which cooperatives have put the plan into effect. There was a request for duplicating the talk given by Miss Armbruster on the accounting instructions for the procedure of handling the capital credits records and that this talk be distributed to all field representatives. There was also a request for a catechism of questions







## CAPITAL CREDITS (Continued)

and answers which would deal with questions which (it was recognized) may be touched upon in general by the material already printed but which are not handled in as direct and pointed fashion as might be, and the group therefore thought that it would be desirable to prepare a new catechism possibly basing it on questions which would be furnished by the field representatives if Washington wants to send out a questionnaire to all the field representatives.

Comment was made as to Mr. Clapper's proposal (Ohio 59 Morrow) that capital credits be retired immediately to those members leaving the system and the relation of the government's security was brought out, and this matter was referred for further consideration in Washington.

## FINANCIAL STABILITY, CASH RESERVES AND SURPLUS RESERVES.

It was pointed out that financial stability is really a problem facing all divisions and all are equally interested. The discussion of cash and surplus reserves was based on the Administrative Memorandum which points out that the cooperatives should retain in their general funds approximately  $1\frac{1}{2}$  times a months' average operating expenses. The cooperatives should also put aside  $1/3$  of the interest and principal payment normally due each month. In addition the cooperatives should establish a renewal and replacement fund equal to .15 of a per cent per month times the depreciable plant. It was pointed out that as the cooperatives become older the existence of this fund becomes increasingly important to the perpetuation of the organization itself. The investment of this renewal and replacement reserve fund was discussed and there were questions as to whether the fund should be kept in cash, invested in bonds or invested in prepayments. The public relations aspect of having excessive amounts in cash on hand or invested in bonds were pointed out with one possible solution being to recommend that the cooperative determine how much funds it might need on hand in order to take care of storm damage plus planned replacement programs, the amount of such funds to be kept on hand either in cash or in bonds with the balance of the fund being invested in prepayments.







## REA RESPONSIBILITY FOR PHYSICAL CONDITION OF DISTRIBUTION PLANT.

The Engineering Division pointed out that it is not REA which will do the work but the cooperatives themselves. Whatever we do will be done through them. The work of the new Technical Operation and Maintenance Section would include such things as giving cooperatives assistance in fusing coordination, in the analysis of equipment performance, and in advising them as to particular maintenance procedures both with regard to timing and method. The organization of the new section was outlined and information was given that it would in part work through a survey procedure. The Applications and Loans Division pointed out that a more adequate maintenance program will in some cases require greater general funds expenditure and point up the need for using loan funds instead of general funds for making system improvements, and that there is a possibility in the future the Applications and Loans Division may want to pay more attention to the physical condition of the plant in making its loan feasibility studies. The Management Division pointed out that it is interested in the success of this program inasmuch as the physical condition of the plant is one of the most important factors in determining the overall stability of the organization. It is also expected that the development of a complete operation and maintenance program will enable the cooperatives to begin preparing budgets which are actually based on a work program instead of simply following a trend of expenditures which has developed over the years without too much regard as to what actually will be accomplished by the expenditures. The Finance Division pointed out that they are interested in knowing that the systems are maintained at least to an average condition because we use a set depreciation rate which is based on the assumption that the systems will be maintained on at least an average condition, and that the Finance Division also will begin giving more emphasis to accurate cost distribution among the various operating expenses so that we will all have better material available for analysis.

In the discussion, the relation of this activity to the renewal and replacement fund was also emphasized. It was generally agreed also that the program would necessarily be much more effective if a formal method can be arrived at for making a report to the borrower as well as to REA, of conditions on the system.







## CLASSIFICATION OF CONSUMERS ON OPERATING REPORTS AND THE NEEDS FOR REVISIONS.

It was pointed out that consumption information when presented on the operating report, even though the instructions are correctly followed, is not adequate for the use of the Applications and Loans Division in making their feasibility studies. Classification of consumers can be made by rates or it can be made by types of consumers or it can be made by combinations of these. It was pointed out that the use by REA and the use by the cooperative management in analyzing consumption may be somewhat different and their needs may be different. It is desirable that the cooperative be asked to follow the standard instructions in preparing operating reports in order to permit IBM punch card data operations. Insofar as errors are found in following instructions, it is desirable that all of us cooperate in trying to help the cooperatives to follow the standard instructions so that at least the information coming in can be analyzed on the basis on which we assume it to be given.

There is an obvious and definite need for further follow-up in Washington in order to get the operating report revised in order to make it usable by all divisions at all times. Until such time as this can be done it is desired that where additional information is needed by Applications and Loans, the obtaining of it be handled by Management on a case by case method, in order to maintain coordination in Washington and avoid confusion which might arise from differing instructions.







## THE APPLICATION OF CORRECT RATE SCHEDULES.

This discussion is directed not at the theory of rate schedules but at whether or not the rates actually being charged are in accordance with the formal rate schedules adopted by the cooperative. REA is of course, interested in seeing that the revenue is obtained in accordance with our feasibility estimates. The interest of Public Service Commissions where they have jurisdiction was also emphasized in that the commissions themselves may make an investigation to determine whether the rates actually being charged are in accordance with the filed rate schedules. It was developed that the auditors investigate and report on those cases where it comes to their attention that rate schedules may not be being correctly applied, but that under present instructions the auditors do not make a formal test check as a part of their audit and a question was raised as to whether or not this should be done. Information developed that among the group there was a knowledge of only three recent cases in Region Four in which rate schedules were not being applied correctly, although it was understood that this might not be the complete information inasmuch as we had not been making a check which would determine how many such cases there might be. The public relations nature of the level of the large power rates in Indiana was brought out in that businesses in some instances are moving out away from towns into the country in order to take advantage of the cooperatives' cheaper large-power rates and the power companies may possibly make an issue of this in the near future. It was agreed among the group that it was the responsibility of the Management Division, insofar as REA was concerned, to check as to whether or not the rates are being correctly applied, except insofar as the auditors would naturally follow-up wherever as a part of their audit they found that rate schedules were not being correctly applied. Any member of the staff having any indication that rate schedules may not be being correctly applied, whether such misapplication was intentional or unintentional, should submit the information as a part of his field report.





## SYSTEM STUDIES AND THE RECOMMENDED IMPROVEMENTS.

The method of making system studies was reviewed and the need for inter-divisional backing was again emphasized, especially with respect to close field coordination between the Engineering and Applications and Loans Division in making up the consumption estimates on which the system study engineering design will be laid out. The methods and needs for follow-up on recommendations contained in the system studies were discussed, emphasizing that investment for improvements should be made as soon as it is needed but that it should not be made before it is needed and that the system study contains in it statements or recommendations as to approximately when additional investments should be made in order to increase the capacity of the system as needed to keep up with increased load.

A recommendation was made that system studies should more frequently be made on a sectional basis rather than an overall-system basis in order to take care of sectional differences in consumption and load, and to take care of those systems where a part of the system served by a particular substation is obviously adequate and does not need a system study made at this particular time.

## IMPROVING THE SELECTION AND TRAINING OF MANAGERS.

The selection procedure was briefly reviewed. Comments were directed at obtaining improvement of managers by securing a wider selection of applicants from which the choice is to be made, and by encouraging the cooperatives to employ, at the lower grades of employment, people who were capable of becoming managers or assistant managers as time passed. A recommendation was made that there be pre-training of men who were definitely known to be managerial timber. In obtaining a wider selection of applicants a suggestion was made that it might be wise to circularize directors and other managers within the area of the nearby states. The availability of the central file of potential applicants held by the Personnel Division was described. The recommendation was made to the group that when field representatives are asked by directors what kind of a job a manager is doing and that manager is thought not to be doing a good job, the field representative should say so; the need for care in executing this recommendation was realized by the members of the group. The policy with respect to the employment of management consultants was reviewed. The possibility of bringing each new manager to Washington for a week's training was considered to have a good deal of merit by the group.





## HOW TO IMPROVE RECORDS AND ESTABLISH PROPER INTERNAL CONTROL.

The improvement of records is still primarily a question of showing the manager and the members of the board the importance and the use of good records. The importance of internal control or internal check is that it is needed not only to prevent fraud but to prevent or at least reduce the number of errors made in the daily operations. It might be simply described as being a method of operation whereby no one person has complete control over any one particular procedure. In the discussion questions were raised regarding the following four items: The check signing procedure was discussed with the primary recommendation being that general funds checks should be signed by the bookkeeper and countersigned by the manager and that the practice of having pre-signed checks left around was condemned as heartily as possible. A procedure for ensuring that work orders covering the construction of extensions to new members would be channeled directly into the clerk handling the accounts receivable was believed to be desirable in order to reduce the possibility of mishandling, either intentional or unintentional, the accounts receivable. Another problem raised was that managers not well-grounded on accounting procedures sometimes give poor advice to the bookkeepers and it was recognized that this is primarily a matter of education for the manager. A suggestion was made that more frequently we might make good use of a letter signed by the Administrator and addressed to the President and all members of the Board regarding the importance of proper materials handling and proper procedures to eliminate or avoid the creation of suspense accounts.

## PROPERLY RECORDING RETIREMENTS.

Here the problem was recognized to be essentially not one of an inadequate procedure but rather an inadequate following of procedure by the various borrowers, and that the correction of the problem is a matter of persuasion. The cooperation of all field representatives and other people was requested, if no more than by simply asking the manager whether or not his retirement work orders were up to date when visiting the system. It was also pointed out that for those of us who are not too well acquainted with the accounting procedures, we can be sure that whenever there is a credit balance in the retirement work-in-progress account the retirement procedure is not being followed correctly. A recommendation was made that we should consider the desirability of issuing a short statement from the Administrator's office which sets forth in the layman's language the importance of proper accounting procedures in the handling of retirements, pointing out that improper procedures will generally result in overstating the capital accounts, mistating the operating expenses, and understating the amount of capital credits.





LOAN FUND BUDGET PROBLEMS, CLARIFICATION OF SPECIAL CONSTRUCTION FUND  
BUDGET PROCEDURE AND BREAKDOWN OF ITEMS INCLUDING A DISCUSSION OF  
ALLOWABLE CHARGES FROM BUDGET ITEM 13D, UTILIZATION.

The procedure whereby the special construction funds budget is made up was reviewed together with a statement of the contents of each item, and all people were cautioned that each budget must necessarily be "tailor-made". The discussion of allowable charges to Budget Item 13D, Utilization, brought out that these funds can and should be used by those borrowers that feel that their general funds are not adequate to support a full power use program and that these funds may be used either for the purchase of equipment or for the payment of salaries and expenses of power use personnel. It is ordinarily assumed that such a financing program would last for not more than one year but it may last longer under particular circumstances. The expenditures from such funds should be made only upon a budget which is approved by the Applications and Loans Division. In event it seems desirable to use such funds for other purposes, the procedure should not be to obtain such funds by any subterfuge but to submit a recommendation that the budget be changed by a four-way memorandum in accordance with established procedure.

THE POWER USE PROGRAM.

It was pointed out that the power use program is a continuing activity and cannot be limited to simply an annual meeting; that a good annual meeting is desirable but it does not constitute in itself a power use program. The advice regarding the use of electricity must be based on efforts to help the members and not as a matter of load building. There are approximately forty electrification advisors employed in this region but some of them are not actually devoting full time to the power use program. The services of these people can and should be and frequently are supplemented by the use and cooperation of other agencies in the field. The power use program has the various aspects of public relations with outside people, education of the members, the use of electricity in the home, and the use of electricity on the farm. There is a growing acceptability of the program but its desirability must be continually and constantly re-emphasized, both among the borrowers and within REA.





## GENERAL DISCUSSION.

**Transformer Conversion.** The subject of transformer conversion was recognized unanimously to be that particular problem which seems to be causing the most confusion among the greatest number of borrowers and has done so for approximately the past two years inasmuch as the REA has not established for itself a uniform policy and communicated that policy to the borrowers and to the REA personnel. The question includes both the manner of handling the transaction on the books of the borrower and questions as to the procedure which REA will use in handling the advance of loan funds covering either a part or all of the conversion costs. Another feature about which there is question is a clarification of the statement contained on page 89 of the Uniform System of Accounts which states that "when a transformer is permanently retired from service the original and installed cost thereof shall be credited to this account". There is confusion as to the definition of the phrase "permanently retired from service", as to whether that refers to (1) the time that a usable or repairable transformer is taken down with the general idea that it will not be used again, or (2) does it refer to the time when a final decision is reached that the transformer will not be used again, or (3) does it refer to the time when there is a physical disposition of the transformer.

**Retirements and Replacements of Units of Property.** The distinction between replacement of a unit of property and a maintenance expenditure was discussed. One difficulty is that there seems to be need for clarification of policy with respect to the handling of contributions toward construction costs, primarily those which arise as a result of an accident for which compensation is made to the borrower by an insurance company. The difficulty involves (1) the possibility of duplicate obtaining of funds by the cooperative, once from the insurance company and once from REA; and (2) the method of handling on the books the amount received from the insurance company and the problem as to where the various debits and credits should be made.

**Loan Program.** A discussion of the loan program brought out among others the following points: The number of unelectrified farms in this region even in the states of Indiana, Ohio and Michigan is considerably greater than is commonly supposed. A number of our borrowers still are not fully aware of their own local situation, but simply take for granted that they have completed their job when actually they do not have full area coverage. We will also need large amounts of funds for other purposes such as heavying-up the lines. Among suggestions for improving the situation is the distribution of a list which will show the average consumption used in the loan estimates, the consumption on which the system study is based, and the present actual consumption. It was agreed that this information would be prepared in Washington and furnished to all the field representatives. It was pointed out that the actual discussion of the loan program may and frequently will involve all divisions; that in handling a particular problem it is necessary to be acquainted with the local situation; and that the borrowers as a whole are not in as solvent a position if they attempt to finance their construction costs through the use of general funds, as they would be if they have a sound loan program for financing.





#### FORMAL COMMENTS BY ADMINISTRATOR'S REPRESENTATIVE.

The discussion by the Administrator's representative at the end of the session centered largely around comments regarding the telephone program. Important points emphasized included that the telephone program as now planned will be integrated into the existing form of organization; that new personnel, trained and especially qualified in the telephone program, are being employed as they become available; and that the present electrification program must not be permitted to suffer by such things as the present personnel neglecting their electrification duties or being transferred to the telephone program at the expense of the electrification program. The eligibility of a cooperative for a telephone loan during the first year of the program was clarified, and the basic philosophy of the administration with respect to requiring the establishment of at least ten percent equity on telephone loans was discussed. All people were requested to bring to the attention of the Personnel Division the names and qualifications of any available and interested people who were professionally qualified and experienced in the telephone field, and it was pointed out that such people have a better chance now to obtain Civil Service status now than they would at any later time.

More than half the members of the group were interested in some form of a group hospitalization plan which would not be discriminatory against the field people. Mention was made of Group Hospitalization, Blue Cross and the USDA Employees Beneficiary Association. This problem was referred to Washington for further attention.

#### DISCUSSION OF PRESENT AND FUTURE CONFERENCE ARRANGEMENTS.

The comments of the group regarding the present conference were that it has been superior in accomplishments and in arrangements, especially along the line that the members of the group have felt that they were active participants and that they were able to talk about those things which to them were problems which needed group discussion. The next conference by resolution of the group was desired for the month of June, should be a regional field conference only in event that there is no national field conference. The committee, which consists of Mr. Kipp (Chairman), Miss Armbruster, Mr. Block and Mr. Wotring is to be responsible for developing a program through correspondence with the field representatives and for establishing a place of meeting and making arrangements therefor.





(Some of the comments on the following borrowers are limited to a brief statement; since they are borrowers that were discussed at the meeting last September and were merely brought up for review at this time)

OHIO 88 GALLIA

There has been a marked improvement in the material records and in accounting for maintenance and other operating expenditures. The transformer group purchase orders have not been reconcilled but information has recently been sent from Washington to the cooperative as to how to accomplish this by the Management Division. It was agreed that the cooperative is still able to make considerable improvement in its general management situation. There has been considerable delay in the making of a system study which is tied in with a new loan application which is now pending. There was a recommendation also that consideration should be given to making this system study on a sectional basis.

INDIANA 80 NOBLE

This cooperative is having an annual meeting tonight, February 28, 1950. One of the questions that will come up will be the division of the cooperative and the formation of a new cooperative. If the dissident group accomplishes what it expects to, there will be a need for field representatives from all divisions to visit the cooperative and assist. The manager and the board are under criticism by a large number of the members for the very poor service which has been rendered by the cooperative in recent years.





#### OHIO 93 WASHINGTON

The regular audit was completed recently and there seems to be some misunderstanding about some of the comments, which will be studied by Mr. Bennett as soon as he is able to visit the system. Mr. Bennett is also requested to look into the handling and the accountability of material on his visit. The Engineering Division pointed out that the inventory on the M & N Sections had been held up because of improper handling of the work order construction for the November and December work orders. The retail rate study is in progress and the borrower is informed of the situation. The papers closing out the transfer from Guernsey-Muskingum are now in Washington and Applications & Loans Division will follow-up on them on their return to Washington. The questions regarding power delivery points have now been satisfactorily cleared up.

#### MICHIGAN 5 LENAWEE

The question of staggered terms will be considered by the membership at the annual meeting on March 15, 1950. There has been more effort made to aid the cooperative in the sale of the generating equipment, but no sale at present is in progress and increased emphasis on this is needed. The default has been wiped out. The board is insisting on making a rate reduction and the amount of the rate reduction has been reduced to 1 mill across the board. Purchased power rates have been reduced by both Toledo-Edison and Consumers Power Company. The manager and other employees are doing as much as they can in the field of member education but the board will not yet authorize the employment of an educational advisor and this subject is again brought to the attention of all divisions as still representing a problem in the inherent stability of the organization. A suggestion was made that all field people should be informed about the generating equipment and given some details about it so that they can discuss it in event they are able to find any potential buyers.





### OHIO 29 PIKE

The manager has been approved since the last conference. The general office records situation is not yet satisfactory in such points as that the cooperative is not using the REA recommended procedure for handling materials and its own procedure is not adequate. An audit has just been completed there and upon receipt of the complete audit report with full details, it will be the responsibility of the Management Division to make a further follow-up. It was also recommended by the auditor that the cooperative recheck the recent inventory or possibly make another inventory to determine whether or not the one taken during the audit was valid in all respects. Notation was also made that there seems to be a public relations problem developing among the 2,000 consumers who were transferred back to Ohio-Midland and this problem should be reviewed jointly by the Management and Applications and Loans Divisions, both with respect to Ohio-Midland and Ohio 29 Pike. It was also pointed out that the headquarters is not adequate for the most efficient operation.

### INDIANA 92 JACKSON

The chestnut pole situation has been reviewed by the field representatives in the area and their comments and recommendations have been submitted to Washington and the problem now lies in Washington for determining the next step. The materials handling procedure on the cooperative is not as good as it should be because of a lack of coordination between the various people who are responsible for handling materials. An audit is now in progress and the inventories, suspense accounts and material procedures will all receive further attention during the audit. The power use and educational activities have suffered somewhat due to the extensive construction program but will soon be back in full sway and it is understood that the electrification advisor will pay more attention to the large number of minimum bills on the cooperative.





### MICHIGAN 28 PRESQUE ISLE

It was unanimously felt that the cooperative had made a considerable and very real improvement, especially inside the office, through its own efforts and through the competent assistance of REA field personnel from all the divisions. The classification of consumers and records of unserved applicants and the reporting of revenue may not be accurately handled and when the Management Division makes a scheduled field visit to this system, late in March, it is planned that this problem will be looked into jointly by the Management and Applications & Loans Divisions at the cooperative. The need for the appointment of an educational or electrification advisor was brought out here with respect also to the large number of minimum bill consumers.

### OHIO 32 BELMONT

No activity has been undertaken as laid out at the previous conference at the request of Management Division which is not staffed so that it could carry out its part of the assistance that would be required. It is expected by the Management Division that a joint study as outlined previously, of the problems facing this cooperative and the relation which they have to the security and the rural electrification program will be undertaken either in the month of March or not later than in the month of April.





#### WEST VIRGINIA 10 HARRISON

The cooperative has had a part of its force doing work on Saturdays and Sundays which appears to be part of the work for which the contractor is responsible, and the board was critical about this situation for the approximate two weeks during which this work was done. With reference to helping the contractor the situation arose in part because of the shut-down of the coal mines, and the question has not yet been cleared up as to a conflict between the cooperative and the contractor as to who should pay the cost of the work which was done by the cooperative's force account crew. The Engineering Division will follow-up on the above and arrive at a determination. Mr. Cayton is expected to cease using the cooperative's truck for home-to-work travel. The cooperative has reduced the default approximately in half from the almost \$90,000 figure at which it stood 2½ years ago. The board is showing an increasing interest in being sure that the system is run as economically as possible and as a demonstration of that interest, has requested that the board be formally given information as to the results of the field appraisal which is scheduled for this system and is to be undertaken shortly. Mr. Asher informed the group about the delinquent team of REA personnel which is being used in Region I in handling the problems of delinquent borrowers and pointed out that this might be a desirable procedure to be followed here. The general problem of reviewing this situation and deciding on what action is appropriate at this particular time for this particular borrower is referred to the four regional heads who will be expected to discuss the matter without delay in Washington and arrive at a method for reviewing past programs and establishing a program fitted to current needs. The power contract has been approved by the Administrator and it is believed that the McWhorter substation is energized. The headquarters is recognized as inadequate and the tree trimming problem may need further attention. A good power use program is under way and the power use activities appear to be being carried out in a capable manner.

#### MICHIGAN 40 ALLEGAN

The situation there was reviewed and no further comment was found necessary.

#### INDIANA 52 RIPLEY

The situation there was reviewed and no further comment was found necessary except that the Engineering Division will make a check with regard to the final receipt from the Commonwealth Construction Company.





MICHIGAN 33 CHARLEVOIX

The salary arrangement of the manager which is based on \$1.00 per meter per year was reviewed and the cooperation of all divisions in forestalling any extension of that salary arrangement was sought. It is reported that the manager has not yet been able to obtain a competent office manager nor has he employed an electrification advisor as recommended.

MICHIGAN 26 INGHAM

The situation was reviewed and comment was made that a Management Division representative would visit the system in the month of March at the request of the manager.

MICHIGAN 41 OCEANA

The situation was reviewed and no further comment was found necessary.

OHIO 85 HARDIN

It was brought out that the cooperative was not following recommended procedures and that the manager apparently was being backed up by the board in this attitude. It is recognized that there exists a problem here and that fundamentally the answer may be only to get adequate information to the board or to the membership and in the meantime it was noted that the cooperative is well able to make interest and principal payments.









